GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA

UNSTARRED QUESTION NO:622
ANSWERED ON:27.07.2005
COST ESCALATION OF PROJECTS
Khan Shri Mohammad Tahir

Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether the Government has estimated the cost escalation of the major projects due to their non-completion on time;

(b) if so, the total amount of cost escalation so far of major projects under various ministries;

(c) the total number of projects sanctioned and the number of projects on which the work is going on smoothly and the number of the projects on which the progress of work tardy;

(d) whether the Government is examining the projects cost of which has nearly doubled;

(e) if so, the details thereof and the shortcomings detected; and

(f) the concrete measures taken/proposed to be taken by the Government for timely completion of the projects to avoid cost escalation?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE),MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (SHRI OSCAR FERNANDES)

(a) Yes, Sir.

(b) As on 1st June,2005, 136 Major and Mega projects belonging to 12 sectors have suffered cost escalation of 40.7% on account of various reasons including non-completion in time.

(c) There are 313 sanctioned major and mega projects on the monitor. 98 projects have reported no cost and time overrun.

(d) Yes, Sir. Government is periodically reviewing the status of projects which have suffered cost and time overrun.

(e) The shortcomings in completion of these projects include:
(i) financial Constraints,
(ii) delay in Land Acquisition and Rehabilitation,
(iii) delay in Award of Contracts,
(iv) delay in Equipment Supply and Construction,
(v) slow Progress by Contractors,
(vi) delay in Environment and others clearance, and
(vii) geological Surprises.

(f) The steps taken to ensure timely completion of these projects are as follows:

(i) adoption of two-stage clearance system and stricter appraisal of project before investment approval;

(ii) taking up of projects for implementation only after funds have been fully tied up;

(iii) in-depth review of projects on monthly and quarterly basis by the Government;

(iv) follow up with the State Governments in respect of problems relating to land acquisition, rehabilitation related issues, forest clearances, infrastructure facilities and ensuring law and order at project sites, etc.

(v) setting up of an Empowered Committee in the administrative Ministries for review of departmentally executed projects;

(vi) inter-ministerial coordination for resolving unresolved problems;

(vii) setting up of Standing Committees in the Ministries/Departments to fix responsibility for time and cost overruns;

(viii) appointment of nodal officers for each project with continuity of tenure; and

(ix) issue of guidelines on standard bidding documents for adoption.